

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6716**

**BILL NUMBER: SB 328**

**NOTE PREPARED: Jan 19, 2008**

**BILL AMENDED:**

**SUBJECT:** Grading System for Use in Food Establishment Inspections.

**FIRST AUTHOR:** Sen. Breaux

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill requires the State Department of Health (ISDH) to establish and implement a statewide grading system to be used by local health departments in the inspection of food establishments.

The bill requires the ISDH to report to the Health Finance Commission on the ISDH's progress in establishing and implementing the statewide grading system.

**Effective Date:** July 1, 2008.

**Explanation of State Expenditures:** The bill would require the State Department of Health to establish a scoring system to be used to issue a grade on the results of inspections of food establishments. The cost of this provision should be minimal if the ISDH can develop a scoring system based on other states' experiences in this area. (Tennessee and North Carolina use scoring systems that result in a grade for the food establishment.)

The bill also requires the ISDH to implement the grading system. This would require training all local health department food establishment inspectors on the use of the grading system. The cost of this requirement will depend on administrative actions, the transparency and ease of use of the grading system developed, the use of the Internet for training purposes, or introducing the grading system in combination with other ongoing training opportunities.

The bill requires the ISDH to report not later than September 1, 2008, to the Health Finance Commission on the progress in establishing and implementing the grading system statewide.

**Background Information:** The ISDH currently establishes sanitary requirements for retail food establishments and authorizes local health departments to enforce the code and regulations. Local health departments enforce the code and regulations in their geographic jurisdictions but are limited to enforcing the state code and regulations; they may not mandate additional requirements.

The Retail Food Protection Division provides consultation and training to local health departments and provides technical assistance to consumers and businesses. The Division conducts inspections of food establishments located on state property, such as vendors at the State Fairgrounds or located on the Toll Road or in the State Capitol complex. The Division also provides inspections of the food service operations of state and privately owned psychiatric hospitals that are certified by the Division of Mental Health and Addiction. The Food Protection Program uses the tools of enforcement when necessary to bring food establishments with serious food safety problems into compliance with food regulations. The enforcement process may include the levy of civil penalties and is utilized only after other efforts to bring a food establishment into compliance have been unsuccessful. The state currently does not charge a fee for state-conducted inspections, nor is there a state license requirement. The Retail Food Inspection Program is funded from state appropriations made for the administration of the ISDH. The agency reported expenditures for the Retail Food Protection Division of \$694,997 in FY 2007.

The ISDH administrative appropriations were made from the state General Fund and the dedicated Tobacco Master Settlement Agreement Fund for FY 2008 and from the state General Fund for FY 2009.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Most retail food establishments are inspected by local departments of health that enforce the state codes and regulations. Employees of local health departments would require some training time to learn the grading system developed. [See *Explanation of State Expenditures* above.]

**Explanation of Local Revenues:**

**State Agencies Affected:** State Department of Health.

**Local Agencies Affected:** Local health departments.

**Information Sources:** North Carolina Administrative Code 15A NCAC 18A.2606 at <http://www.deh.enr.state.nc.us/ehs/Rules/t15a-18a.26.pdf>; <http://tn.state.leg.gov/tennessee/>; Connecticut OLR “Publically Posted Health Inspections Grade Cards”, Elizabeth Pytko, April 28, 2005 at: <http://www.cga.ct.gov/2005/rpt/2005-R-0403.htm>; and *Program Inventory for the Indiana State Department of Health, July 2007*, Indiana Legislative Services Agency.

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